

MINUTES OF THE MEETING  
NATURAL RESOURCES SUBCOMMITTEE  
MONTANA STATE  
HOUSE OF REPRESENTATIVES

February 1, 1985

The meeting of the Natural Resources Subcommittee was called to order by Chairman Manuel on February 1, 1985 at 8:10 a.m. in Room 132 of the State Capitol building.

ROLL CALL: All members were present.

DEPARTMENT OF COMMERCE

(Build Montana)

Keith Colbo (38:A:270), Director, Department of Commerce, gave an overview of the Build Montana Program. See Exhibit "BBB".

(Montana Promotion Division)

Mr. Colbo (38:A:446) introduced John Wilson, Administrator, Montana Promotion Division. Mr. Wilson presented Exhibit "CCC". See last page Exhibit "CCC".

Mr. Wilson said in 1982 they received \$90,000 in direct cash contributions from private sector joint venture contributions. In 1983 this went up to \$156,000 and \$298,000 in 1984.

Mr. Wilson showed some of the advertising they use in magazines. See Exhibit "CCC" for a list of some of the magazines they advertise in.

Mr. Wilson said they had 125,585 travel inquiries in 1982 and 233,370 inquiries in 1984.

Mr. Wilson went over the "Escape Across the Boarder" campaign they ran in Canada. They had billboards, magazine adds and television adds. These ran in June, July and August in southern Alberta, Calgary, Lethbridge and Saskatchewan.

Mr. Wilson presented The Montana Vacation Guide. See Exhibit "DDD".

Mr. Wilson said they print an Adventure Guide that the Outfitters and Guides pay to advertise in. They also print a Snowmobile Guide, which the Snowmobile Association pays about half of the cost on. They print a Recreation Map in a cooperative effort between State and Federal agencies.

Mr. Wilson discussed the "Invite a Friend to Montana" program. They use television and radio promotion for this program.

Mr. Wilson discussed the Travel Montana promotion they do in conjunction with the Coca-Cola company. Mr. Wilson said this is to keep Montanans traveling in Montana.

Mr. Wilson discussed winter travel promotions. Mr. Wilson said a promotion was put together by the State, Northwest Orient airline, and the Northern Ski Area Operators.

Mr. Wilson said they go into a 50-50 partnership with the Ski areas to advertise out of state.

Mr. Wilson (38:B:263) said Group Travel Promotion is an important area for them. Mr. Wilson discussed the Group Tour Planning Guide they publish in conjunction with the tour operators.

Mr. Wilson discussed the Convention Guide they print.

Mr. Wilson said they have a list of about 1,200 tour operators that operate in and around Montana. They send the top 100 a subscription to Montana Magazine.

Mr. Wilson discussed films and commercials done in Montana. See Exhibit "CCC".

Mr. Wilson said their estimate of taxes attributable to non-resident travel activity in Montana in 1983 is about \$8,600,000 in Gasoline Tax, \$14,300,000 State Income Tax and \$22,500,000 in Property Tax. This adds up to about \$45,400,000.

Mr. Wilson said they have won several awards for their advertising.

Mr. Wilson said they are not requesting an increase and they will absorb the postage rate increase and the 2% reductions in the budget. See Exhibit "EEE".

Mr. Wilson said tourism was down about 5% this last year.

Mr. Wilson said they rank 41st in the Nation as far as what they spend on promotion.

Discussion was held.

Senator Boylan said they should work with the Fish and Game so people will ask before they fish, etc.

(Business Assistance Division)

Mr. Colbo (39:A:095) introduced Byron Roberts, Administrator, Business Assistance Division. See Exhibit "FFF". Mr. Roberts presented Exhibit "GGG".

Mr. Roberts went over this division. See Exhibits "HHH", "III", "JJJ", "KKK" and "LLL".

Discussion was held.

Mr. Roberts went over his objectives for the 1987 biennium. See Exhibit "MMM".

Mr. Roberts (39:B:030) said they are requesting 1 FTE for a Business Support Coordinator for Women. Discussion was held.

(Montana Economic Development Board)

Mr. Colbo (39:B:112) introduced Bob Pancich, Administrator, Montana Economic Development Board.

Mr. Pancich went over his program. See Exhibit "NNN".

Mr. Pancich said this is basically a Development Finance Program. They are targeting the Coal Tax dollars they receive from the tax to basic industry. Mr. Pancich said in the past year they received \$10,000,000 to deal in this sector.

Mr. Pancich (39:B:248) said their objectives for the 1987 biennium are as follows:

Board and General Program Administration:

Design and implement an integrated accounting system for operations and loan portfolios based on an enterprise fund.

Increase marketing of programs to financial institutions and businesses.

Participate in first audit of loan portfolio by state bank examiners.

Coal Tax Loan Program:

Annually review and approve 30-40 loans for a total of \$10 million in new loans while servicing \$12-\$15 million in loans previously funded.

Annually collect application fees, guarantee fees, commitment fees and interest rate fees of \$38,600.

Design, implement and manage a loan loss reserve fund equal to 1.5% of loans representing risk.

Refine and implement a program to confirm the long-term economic benefit of loans to the state.

Pooled IDB Program:

Anticipate selling bonds to fund projects under existing pooled IDB program in the amount of \$12-\$15 million per year for 20-30 businesses.

Prepare for federal sunset of industrial revenue bonds (excepting manufacturing facilities) on December 31, 1986.

Evaluate, consider and implement, if appropriate, an industrial revenue bond program to pool funding for projects over \$1 million.

Stand-alone IDB Program:

Process 4 stand-alone IDB projects totalling \$12 million.

Increase marketing of stand-alone program with developers.

Montana Capital Companies Program:

Process all applications for Montana capital companies to be certified and qualified.

Process quarterly reports on all qualified companies.

Issue tax credit certificates and provide list to Department of Revenue.

Co-sponsor venture capital association.

Co-sponsor a venture capital fair.

Discussion was held.

See Exhibit "000".

Mr. Colbo (40:A:020) introduced Jack Nielson, Administrator, Health Facilities Authority.

Mr. Nielson said they have two staff persons, himself and his assistant.

Mr. Nielson said in FY '84 the Health Facility was very active in issuing bonds and notes to obtain funds to loan to health facilities at a tax exempt rate.

See Exhibit "PPP".

Mr. Nielson said they are currently in the process of closing loans under the pool program. They closed the first one in November of 1984. They have about five closed at this point and they are almost ready to complete the transactions to complete three more.

Mr. Nielson said they are requesting 1 FTE and \$29,887 in FY '86 and \$30,579 in FY '87. Mr. Nielson said approximately \$8,000 a year of these requests is for attorney fees. These fees will be reimbursed to the Authority by the hospital. These relate to the closing of the loans.

Discussion was held.

(Economic Policy and Research Office)

Mr. Colbo (40:A:262) introduced Sam Hubbard, Deputy Director.

Mr. Hubbard went over the Economic Policy and Research Office.

See Exhibit "QQQ".

Mr. Hubbard said there are 7 FTE's in this program. Four of these are assigned to the Census and Economic Information Center, one to support the Council on Science and Technology and two to the Administrative Unit which in turn provides support to the other components.

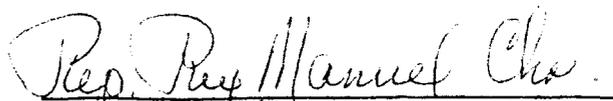
Mr. Hubbard presented Exhibits "RRR" and "SSS".

Mr. Hubbard (40:A:340) said the Administrative Unit in the program provided a central focal point for communication among the various programs in the Department and for disseminating economic trend analysis and statistical research results to the various programs.

This program is funded out of General Fund.

Discussion was held.

Meeting adjourned at 11:40 a.m.

  
Representative Rex Manuel  
Chairman



## BUILD MONTANA PROGRAMS -- AN OVERVIEW

## I. BACKGROUND

## A. CREATED BY 1983 LEGISLATURE

1. CONSISTS OF BOTH OLD AND NEW PROGRAM ELEMENTS
2. COMPONENTS
  - DEVELOPMENT FINANCE
  - BUSINESS ASSISTANCE
  - TOURISM AND TRAVEL PROMOTION
  - AGRICULTURAL DEVELOPMENT (IN DEPT. OF AGRICULTURE)
  - ECONOMIC POLICY, PLANNING AND RESEARCH
3. BUDGET
  - FUNDED THROUGH BOTH HB 1 AND HB 447
  - REFER TO CHART FOR BUDGET NUMBERS

## B. PURPOSE

1. TO DEVELOP A PARTNERSHIP BETWEEN GOVERNMENT AND PRIVATE SECTOR TO STIMULATE ECONOMIC DEVELOPMENT
2. TO CREATE POSITIVE ENVIRONMENT FOR ECONOMIC GROWTH IN STATE
3. TO FOSTER GROWTH IN SUCH A WAY THAT THE ENVIRONMENTAL QUALITY OF MONTANA IS PRESERVED
4. TO MAKE CERTAIN THAT BUSINESSES IN STATE FUNCTION WITHIN STATUTORY GUIDELINES ESTABLISHED BY LEGISLATURE
5. INFUSE CAPITAL INTO ECONOMY

## II. RESULTS

## A. PROGRAMS IN PLACE

1. CONSISTS OF SOLID, EFFECTIVE PROGRAMS -- NOT EXPERIMENTS
2. LOGGING CONCRETE ACCOMPLISHMENTS WHICH WILL BE DETAILED DURING INDIVIDUAL PROGRAM PRESENTATIONS

B. GENERAL ACCOMPLISHMENTS

1. DEVELOPMENT FINANCE

- COAL TAX LOANS BEING MADE
- FIRST IDB ISSUE RECENTLY SOLD
- HEALTH FACILITIES LOAN DEMAND MUCH HIGHER THAN EXPECTED

2. BUSINESS ASSISTANCE

- 10 PROGRAMS OF ASSISTANCE TO BUSINESSES HAVE BEEN IMPLEMENTED
- PROVIDED DIRECT AND INDIRECT ASSISTANCE TO SEVERAL HUNDRED BUSINESSES AND INDIVIDUALS IN STATE

3. TRAVEL PROMOTION

- TOURISM-RELATED JOBS UP CONSIDERABLY
- NON-RESIDENT EXPENDITURES ALSO ON INCREASE

4. ECONOMIC PLANNING AND RESEARCH

- GOVERNOR'S COUNCIL ON ECONOMIC DEVELOPMENT AND COUNCIL ON SCIENCE AND TECHNOLOGY COMPLETED WORK AND SET TO ISSUE FINDINGS AND RECOMMENDATIONS
- BUREAU OF BUSINESS HAS IMPLEMENTED FORECASTING AND REPORTING SYSTEM

5. MONTANA AMBASSADORS (172)

III. FUTURE EFFORTS

A. PLAN INCREASED EMPHASIS ON BASIC INDUSTRIES

1. IMPROVED COOPERATION WITH DNRC, DEPT. OF AGRICULTURE ON NATURAL RESOURCE DEVELOPMENT AND AG MARKETING EFFORTS
2. TECHNOLOGY ALLIANCE PROPOSAL -- EMPHASIS ON STIMULATING DEVELOPMENT AND USE OF TECHNOLOGY IN EXISTING BASIC INDUSTRIES IN MONTANA

III. FUTURE EFFORTS (CONT)

B. MORE EMPHASIS ON TAPPING "FOREIGN" MARKETS

1. INCREASED ASSISTANCE TO BUSINESSES WANTING TO EXPORT PRODUCTS
2. MORE TRADE MISSIONS TO CANADA AND PACIFIC RIM COUNTRIES

C. INCREASED EMPHASIS ON SMALL BUSINESSES

1. WOMEN'S PROGRAM MODIFIED

IV. OBSERVATIONS OF SIX WEEKS

A. ALL PROGRAMS ARE NOT AT THE SAME STAGE ACCEPTANCE AND EFFORT VARIES.

B. ALL PROGRAMS ARE NOT PERFECT, NOR ARE THEY ALL IN THE DEPARTMENT

C. THEY WILL NOT SOLVE ALL PROBLEMS

D. WHILE EARLY, RESULTS ARE AVAILABLE

E. EFFORTS THAT THE LEGISLATURE AND THE STATE CAN TAKE PRIDE IN "MADE IN MONTANA"

F. THIS IS A REASONABLE SECOND COMMITMENT FOR THIS STATES EFFORT TO IMPROVE THE ECONOMY OF THE STATE. A LONG-TERM INVESTMENT

G. YOU HAVE QUESTIONS, I AM CONFIDENT THAT THE PROGRAMS HAVE ANSWERS.

# 1984-85 Marketing Calendar

Montana Promotion Division  
Department of Commerce

# Teamwork\*

The red asterisks in this marketing calendar highlight an unprecedented number of opportunities for private sector participation in Montana's travel promotion programs. As a private sector member of the team, you'll maximize your budget by promoting your business in advertising and other travel programs coordinated by the Department of Commerce.

Equally significant, you'll be increasing the number of dollars and resources invested in marketing Montana as a travel destination. These joint efforts help our state, and its individual attractions, achieve greater visibility in the highly competitive travel marketplace. And that pays dividends for all of us in the continued growth of our travel industry, and increased jobs and income for Montanans.

**MONTANA**  
*naturally inviting!*

# Summer Travel Promotion

## Advertising

### Consumer Magazines

Total circulation: 24,953,094

American West

Better Homes & Gardens

Discovery

Field & Stream

Field & Stream Directory

Glamour

Good Housekeeping

Motorhome

Motorland

National Geographic Traveler

Signature

Smithsonian

Sunset

Trailer Life

Travel Holiday

Travel & Leisure

Western Living

Western Outdoors

### \* Super Coupon Advertising

Outside

Sierra

Fly Fisherman

### \* Montana/Wyoming Co-op

Total circulation: 7,665,487

Family Circle

Southern Living

Sunset

### Canadian Promotion

TV — Calgary, Edmonton,  
Regina, Saskatoon

Billboards — Calgary (4),  
Edmonton (2), Lethbridge (2),  
Medicine Hat, Moose Jaw,  
Regina (2), Saskatoon (2)

\* Newspaper ads —  
Calgary

### \* Invite-a-Friend to Montana

In-state public service  
advertising — TV, radio,  
newspaper, magazine

Coupons distributed by  
utility companies serving  
Montana, state employee  
payroll, state liquor stores

SIZE/  
COLOR

JAN

FEB

MAR

APR

MAY

JUNE

JULY

AUG

2/3 4C

2/3 4C

4" B & W

2/3 4C

4" B & W

2/3 4C

2/3 4C

2/3 4C

4" B & W

2/3 4C

4" B & W

1/3 4C

4" B & W

2/3 & 1/3 4C

2/3 4C

2/3 4C

4" B & W

1/6 B & W

Full Pg. 4C

Full Pg. 4C

1/3 4C

Full Pg. 4C

Full Pg. 4C

Full Pg. 4C

30 sec.

4C

Full Pg. 4C

Ad coupons for respondents check up to six different categories: angling, wilderness trips, whitewater/floating, hunting, ranch vacations, package adventures. Travel industry participants that receive address labels with names of people who want information about these specific adventure vacations.

Newspaper ads emphasize economical Montana vacations, and include discount coupons from travel industry participants. Advertising space available.

## Exhibiting

- \* The state often purchases bulk space at travel shows in the Midwest, West and Canada, offering discounts to private sector participants wishing to exhibit under the Naturally Inviting banner. 1984/85 schedule:

International Sportsmen's Expo  
Los Angeles, 11/28 - 12/2, 1984

Sports, Vacation & RV Show  
Anaheim, 1/5 - 1/13, 1985

International Sportsmen's Expo  
Seattle, 2/6 - 2/10, 1985

Greater Northwest Vacation, Camping and Touring Show  
Minneapolis, 2/14 - 2/18, 1985

International Sportsmen's Expo  
Denver, 2/27 - 3/3, 1985

International Sportsmen's Expo  
San Francisco, 3/13 - 3/17, 1985

Canadian National Sportsmen's Show  
Calgary, 3/20 - 3/24, 1985

## Publications

**Montana Vacation Guide:** A 24-page, four-color image publication focusing on scenic, historic and cultural attractions, wildlife, western heritage and outdoor adventures. Attractions listed by tourism region. (400,000 copies)

- \* **Accommodations Guide:** A 32-page guide to hotels, motels, ranches, resorts and private campgrounds. Cooperative venture with Montana's lodging industry. All facilities receive free listing. Advertising space available. (400,000 copies)

**Official Montana Highway Map:** Produced with the Department of Highways which is responsible for the map side. Montana Promotion Division produces the promotional side. (1.2 million copies — 2 year print)

**Recreation Map:** Funded jointly by the Department of Commerce, Department of Fish, Wildlife and Parks, Bureau of Land Management and National Park Service. Lists public campgrounds, recreation sites, fishing and boating areas, fees and seasons. (240,000 copies)

- \* **Adventure Guide:** A 24-page, four-color publication produced in cooperation with the Montana Outfitters and Guides Association. Includes advertising from outdoor recreation providers and suppliers. Advertising space available. (80,000 copies)

**Calendar of Events:** Published summer and winter, it includes at-a-glance listings of events around the state. (10,000 to 100,000 copies)

## Publicity

Involves securing national and international magazine, newspaper and broadcast coverage of Montana as a vacation destination. The state hosts writers, editors and news directors, writes press releases and feature stories, and provides story ideas and travel information.

### \* Magazines hosted in 1984:

Western's World  
Western Living  
Backpacker  
Golf Digest  
The Golf Traveler  
Gems and Minerals

Rock and Gem  
Lapidary Journal  
Field and Stream  
Fly Fisherman  
Fishing World  
Angler  
Sports Afield

## Special Promotions

### \* Travel Montana Coca-Cola Sweepstakes:

Funded by Montana's Coca-Cola bottlers, with major participation by 18 Montana radio stations, this program is designed to stimulate resident travel within the state. As of May 1985, 600,000 "credit" cards will be in the hands of Montanans, along with discount books which list special prices from travel industry participants on presentation of the card. Weekly giveaways and grand prize Chevy Blazer also donated by the private sector. For details about participating, please inquire.

Travel



# Winter Travel Promotion

**SKI MONTANA**  
*naturally inviting*

<b>Advertising</b>	<b>SIZE/ COLOR</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>
<b>Magazines</b>								
Total circulation: 7,440,500								
Sunset	1/6 B & W		✓	✓				
Sports Illustrated	1/6 B & W		✓	✓				
Southern Living	1/6 B & W		✓	✓				
California Skier	1/6 B & W		✓	✓	✓			
Minnesota Skier	1/6 B & W		✓	✓	✓			
Mid West Skier	1/6 B & W		✓	✓	✓			
Adventure N.W.	1/6 B & W	✓	✓	✓	✓			
U.S. Ski News	1/6 B & W		✓	✓	✓			
Utah Holiday	1/6 B & W		✓	✓				
Colorado Sports	1/6 B & W		✓	✓				
TV Guide - Salt Lake	1/6 B & W		✓	✓				
TV Guide - Denver	1/6 B & W		✓	✓				
Rocky Mountain Ski Guide	1/6 B & W		✓	✓				
* Cross Country Skier Magazine (Funded by Montana Cross Country Skiing Centers Association and Department of Commerce.)	1/6 B & W	✓	✓	✓	✓	✓		
<b>Television and Radio</b>								
* Snow Conditions Update — TV spots 3 times a week in Alberta, Saskatchewan, Spokane, North Dakota, Wyoming, Utah	30 sec.				✓	✓	✓	
* Montana in the Winter — In-state public service announcements	30/60 sec.		✓	✓	✓	✓	✓	✓
<b>Airline Promotions</b>								
* Northwest Orient Airlines Co-op								
Magazine Advertising								
Skiing	1/3 2C		✓	✓				
Ski	1/3 2C		✓	✓				
Travel Weekly	1/3 2C	✓	✓	✓				
Grand Rapids	1/3 2C		✓	✓				
Pacific Northwest	1/3 2C		✓	✓				
Milwaukee	1/3 2C		✓	✓				
Minneapolis/St. Paul	1/3 2C		✓	✓				
Madison Capital Times	1/3 2C		✓	✓				
This program is a four-way funding partnership between the Northern Ski Area Operators Association, Northwest Orient Airlines, Yellowstone (TW Services) and the State of Montana.								
Direct Mail/Rack Distribution of 73,000 12-page ski package tour brochures in Minneapolis, Milwaukee, Chicago, Atlanta, Seattle.								

**\* Frontier Airlines Co-op**

Distribution of 25,000 12-page ski package tour brochures by Frontier's sales staff and at travel agent seminars in Dallas-Fort Worth, Houston, Tulsa, Oklahoma City, San Diego and Orange County.

This program is a four-way funding partnership between the Northern Ski Area Operators Association, Frontier Airlines, Yellowstone (TW Services) and the State of Montana.

### \* Western Airlines Co-op

Distribution of 25,000 12-page ski package tour brochures by Western's sales staff, at SkiDazzle, Los Angeles and travel agent shows in Washington and New York.

This program is a four-way funding partnership between the Northern Ski Area Operators Association, Western Airlines, Yellowstone (TW Services) and the State of Montana.

### Publications

\* **Ski Montana:** A 32-page, 4-color guide to downhill and cross country resorts/destinations, including package tours. Produced in cooperation with the private sector. Distributed at ski shows/shops from Vancouver to Minneapolis, and mailed to fulfill advertising inquiries. (50,000 copies)

\* **Montana Snowmobile Guide:** A 24-page brochure funded in part by the Montana Snowmobile Association and Dept. of Fish, Wildlife and Parks. Includes maps, trail information, accommodations directory, snow conditions, services, attractions, events. (50,000 copies)

### Exhibiting

\* The state purchases bulk space at ski/travel shows in the Midwest, West and Canada, offering discounts to ski areas wishing to exhibit under the Ski Montana banner.

1984 exhibits:

Calgary Ski Show, 11/2 - 11/4, 1984  
SnoWorld, Minneapolis, 11/8 - 11/11, 1984  
Ski Dazzle, Los Angeles, 11/8 - 11/11, 1984

### Publicity

\* Magazines and TV stations hosted in 1984:

Ski	Cross Country Skier
Skiing	Cross Country Ski Magazine
Powder	CFAC-TV, Calgary
Bon Appetit	KSL-TV, Salt Lake City

## Group Tour Promotion

### Advertising

\* **Destinations Magazine:** 5 pages of ads from travel industry participants under State of Montana banner, targeting tour operators of the American Bus Association. (Dec. 1984)

\* **Courier Magazine:** 4 pages of ads from travel industry participants under State of Montana banner, targeting tour operators of the National Tour Association. (Jan. 1985)

\* **Travel Weekly:** Insertion of 12-page, 4-color Summer Tours brochure in March 4, 1985 issue, in cooperation with Northwest Orient Airlines.

**1985 Motorcoach Marketer:** Full-page, 4-color ad targeted to members of American Bus Association.

### Exhibiting

#### Domestic tour operators conventions, 1984:

National Tour Association Convention  
Nashville, 11/12 - 11/16, 1984

American Bus Association Convention  
Salt Lake City, 12/2 - 12/6, 1984

#### International tour operators conventions, 1984:

Travel Industry Association of America Powwow  
Seattle, 6/1 - 6/5, 1984

Foremost West Marketplace  
Reno, 9/14 - 9/18, 1984

#### Meeting planners convention, 1984:

\* American Society of Association Executives  
Minneapolis, 8/1 - 8/6, 1984

### Publications

\* **Group Tour Planning Guide:** A 60-page brochure with information for bus tour operators, partly funded by the properties, hotels/motels and attractions described. (2,500 copies)

\* **Montana Convention and Meeting Planners Guide:** A 40-page, 4-color brochure produced by the Montana Innkeepers Association in cooperation with the Department of Commerce. Describes Montana hotel/convention facilities and attractions. (7,500 copies)

### Publicity

\* **Six-city sales blitz in February 1985** — Seattle, Tacoma, Portland, Minneapolis, Chicago, Milwaukee. Montana Promotion Division staff and 27 Montana travel suppliers

host tour operators and travel agents at receptions cooperatively financed by the state, the airlines and the private sector. Purpose is to provide one-on-one sales contact with group tour decision makers.

### Special Promotions

\* **Direct Mail Tour Solicitation:** The top 200 tour operator prospects, nationwide, receive a subscription to **Montana Magazine**. Each issue includes a printed folder that outlines reasons to establish tours to and through Montana. The message is reinforced six times a year.

\* **Summer Group Tour Co-op Brochure:** A joint venture involving the state, Northwest Orient Airlines and Montana tour operators, this 12-page, 4-color brochure is inserted in **Travel Weekly** magazine, and distributed to travel agents and tour operators.

# Motion Picture and TV Location Promotion

## Advertising

### Magazines

Multiple insertions of 1/3- and 1/8-page ads in **Millimeter, On Location** and **Shooting Commercials**. Ads targeted

to directors/producers, production managers, art directors and production assistants at production companies and advertising agencies.

## Directories, Production Guides

AdWeek Portfolio of Commercial Production, 1/6-page  
Studio Blu-Book Directory, Hollywood Reporter, 1/4-page  
On Location Annual Film and Videotape Production  
Directory, 1/8-page  
Producer's Masterguide, 1/3-page

Millimeter's North American Commercial Production  
Directory, 1/3-page  
Back Stage TV, Film & Tape Directory, 1/3-page  
Illustrated Location Guide, American Premiere Magazine, 1/3-page

## Publications

**Motion Picture & Television Location Manual:** A 40-page brochure listing facilities, contacts, attractions, transportation, climate charts, filming requirements,

services in 23 Montana communities, as well as promotion information about the state. (750 copies)

## Productions — 1984

### Feature films, TV series and documentaries:

"The Stone Boy"  
"Missouri River" — Cousteau Society  
"Chris Madsen, Custer Soldier"  
"West of the Imagination"  
"Robert Summers Yellowtail — Visions of a 20th Century Warrior"  
"Small Town USA"  
"Sportsman Dream"

### TV commercials:

Mercedes-Benz	Kawasaki
Yamaha	Toyota
Kool	Marlboro
Winston	Woodmen Chewing Tobacco
Pepsi-Cola	Heilman Beer
International Harvester	Miller Lite Beer

# Matching Funds Program

\* This program consists of joint ventures with tourism regions in the state to enhance Montana's appeal as a year-round travel destination. Its intent is to encourage

innovative new travel promotion programs, and improve existing programs, with the goal of attracting more non-resident visitors, and giving them reasons to stay longer.

## 1984 Program Participants:

## Funding Used For:

College National Finals Rodeo, Bozeman	Out-of-state magazine ads
Yellowstone/Teton Travel Association, Red Lodge	Regional brochure
Wolf Point Stampede, Wolf Point	Ad campaign in North Dakota, Canada
Custer Country, Miles City	Events brochure, regional advertising
Montana Winter Fair, Bozeman	Ads in ag publications
Western Rendezvous of Art, Helena	Ads in art magazines
Montana Cross Country Skiing Centers Association, Essex	Cross country directory, national magazine advertising
Glacier Country, Whitefish	Familiarization trip for travel agents
Scobey Threshing Bee, Scobey	Advertising in North Dakota, Canada
Bikecentennial, Missoula	Montana portion, Bikecentennial brochure
Greetings from Montana, Missoula	Traveling exhibit of art deco Montana postcards
Montana Gold West, Anaconda	Regional brochure
Inland Northwest Tourism Coalition, Whitefish	Regional brochure

50,000

# Montana Travel Industry Growth

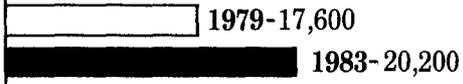
## 1979-1983

“Among the state’s basic industries,\* only nonresident travel and heavy construction have increased their employment and payrolls in recent years.”

The Montana Travel Industry, 1983 (A study conducted by the Bureau of Business and Economic Research, University of Montana, Missoula)

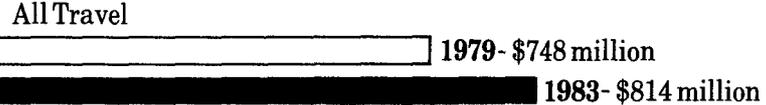
## GROWTH

### Travel Related Jobs

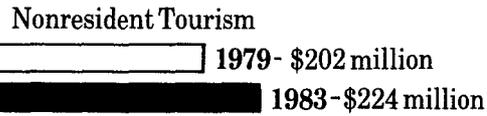


2,600  
NEW JOBS

### Traveler Expenditures in Montana

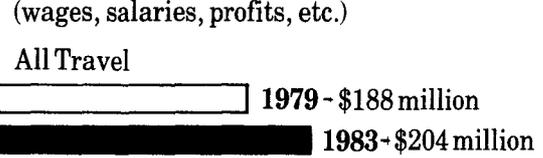


\$66 MILLION  
(9% increase)

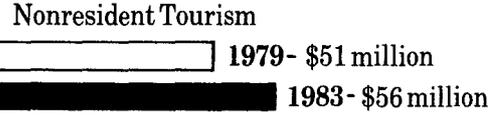


\$22 MILLION  
(11% increase)

### Travel Industry Income



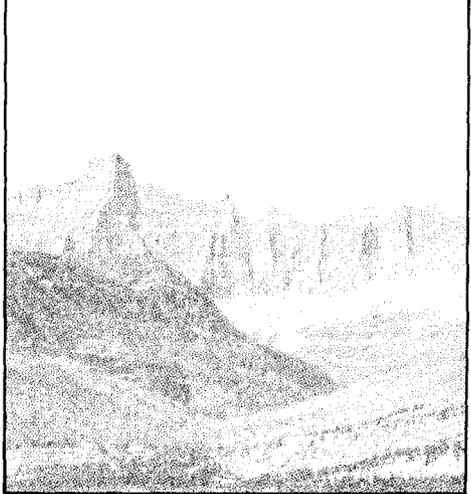
\$16 MILLION  
(9% increase)



\$5 MILLION  
(10% increase)

All figures adjusted for inflation.

\*Agriculture, mining, heavy construction, wood and paper products, other manufacturing, nonresident travel, federal government.



# Get involved!



All programs indicated by a red asterisk\* have benefited from private sector involvement of Montana's travel industry. Many of these programs are available to you for advertising or promotion of your business to people who will be vacationing in Montana.

Ask for more information about reaching your travel customers, economically, by tying in with a state promotion. We also

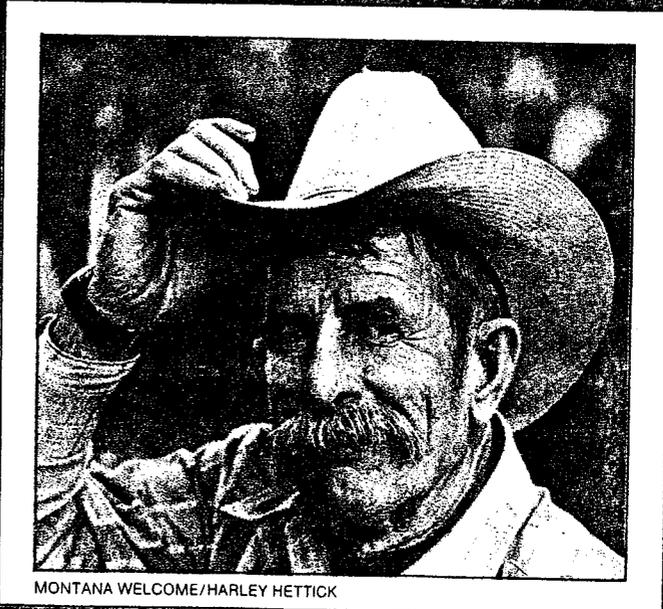
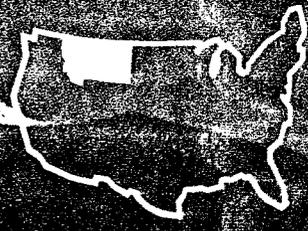
welcome your ideas for new public/private sector promotions. It makes good business sense for us to work together.

For details, contact:

John Wilson  
Montana Promotion Division  
Department of Commerce  
1424 9th Avenue  
Helena, MT 59620  
(406) 444-2654

Exhibit 1000

# The Montana Vacation Guide



MONTANA WELCOME/HARLEY HETTICK

*Naturally inviting!*

#52

## DEPARTMENT OF COMMERCE

Montana Promotion Division  
 Administrator: John Wilson

Program Description

The Division is responsible for promoting Montana as a vacation destination through advertising, publications, publicity, exhibiting, and direct contact with the tourism industry. The Division also promotes the state as a motion picture and television advertisement location.

Program Activities

- . Produce and place T.V., radio, and magazine advertising
- . Operate direct mail advertising campaign
- . Publish over 12 promotional publications
- . Seek publicity by hosting magazine and newspaper writers and T.V. productions
- . Promote Montana at national travel exhibitions
- . Collected over \$300,000 in private contributions in FY 84 (Expect \$600,000 by the end of the biennium)

Travel Industry Growth

- . 9% growth (from \$748 to \$814 million) in total travel expenditures and labor income between 1979 and 1983
- . 14% increase in travel-related jobs (from 17,560 to 20,100) 1979-1983
- . 1983 tax revenue from nonresident travelers produced \$8.6 million in gas taxes, \$14.3 million in state income taxes, and \$22.5 million in property taxes

Fund Sources

- . General Fund
- . Private Revenue

OBPP/LFA Funding

	<u>FY 86</u>	<u>FY 87</u>
OBPP	1,984,861	1,975,803
LFA	1,623,583	1,667,586
Difference	<u>361,278</u>	<u>308,217</u>
2% Reductions	(25,697)	(26,126)

Effect of LFA Current Level

. The LFA analysis does not recognize current level general fund expenses

	<u>Actual</u> <u>FY 1984</u>	<u>LFA</u> <u>FY 1986</u>	<u>LFA</u> <u>FY 1987</u>	<u>OBPP</u> <u>FY 1986</u>	<u>OBPP</u> <u>FY 1987</u>
Montana Promotion General Fund	1,265,993	923,583	967,586	1,284,861	1,275,803

. Acceptance of LFA Current Level would drastically reduce operations of the existing program and would endanger the growing level of private sector commitment to partnership in promotion activities

REPORT EBSR106  
 DATE : 01/23/85  
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING  
 EXECUTIVE BUDGET SYSTEM  
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE  
 PROGRAM : 52 MONTANA PROMOTION BUREAU  
 CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY			
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86
0000	FULL TIME EQUIVALENT (FTE)	11.00	11.00		
1100	SALARIES	217,816	217,378	438	
1400	EMPLOYEE BENEFITS	30,786	30,722	64	
1500	HEALTH INSURANCE	13,200	13,200		
1600	VACANCY SAVINGS	-10,472	-10,151	-321	
	TOTAL FIRST LEVEL	251,330	251,149	181	
2021	CONTRACTED SERVICES-INFLATION	16,367		16,367	
2022	SUPPLIES & MATERIALS-INFLATION	798	1,653	-855	
2023	COMMUNICATIONS-INFLATION	125,409	71,954	53,455	
2024	TRAVEL-INFLATION	1,066	1,773	-707	
2025	RENT-INFLATION	214	-105	319	
2027	REPAIR & MAINTENANCE-INFLATION	31	94	-63	
2028	OTHER EXPENSES-INFLATION	788	1,707	-919	
	TOTAL SECOND LEVEL	144,673	77,076	67,597	
2100	CONTRACTED SERVICES	414,926	337,780	77,146	
2200	SUPPLIES & MATERIALS	19,901	19,109	792	
2300	COMMUNICATIONS	1,045,067	848,290	196,777	
2400	TRAVEL	43,224	32,802	10,422	
2500	RENT	15,292	13,945	1,347	
2700	REPAIR & MAINTENANCE	769	1,097	-328	
2800	OTHER EXPENSES	46,679	41,382	5,297	
	TOTAL FIRST LEVEL	1,730,531	1,371,481	359,050	
3100	EQUIPMENT	3,000		3,000	

REPORT EBSR106  
 DATE : 01/23/85  
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING  
 EXECUTIVE BUDGET SYSTEM  
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE  
 PROGRAM : 52 MONTANA PROMOTION BUREAU  
 CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY							
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
	TOTAL FIRST LEVEL	3,000		3,000		3,000		3,000	
	TOTAL PROGRAM	1,984,861	1,622,630	362,231		1,975,803	1,666,632	309,171	
01100	GENERAL FUND	1,284,861	923,583	361,278		1,275,803	967,586	308,217	
03811	TOURISM-MT BUSINESSES	700,000	700,000			700,000	700,000		
	TOTAL PROGRAM	1,984,861	1,623,583	361,278		1,975,803	1,667,586	308,217	

#51

## DEPARTMENT OF COMMERCE

Business Assistance Division  
Administrator: Byron Roberts

Program Description

The Division assists new and existing businesses and promotes Montana's business climate in the following areas:

- . Business Licensing
- . Development Assistance
- . Marketing Assistance
- . Development Finance
- . Export Assistance
- . Business Recruitment/Location
- . Assistance to Local Development Organizations

Program Activities

- . Responded to 2,400 licensing inquiries
- . Provided professional development assistance to 22 firms
- . Provided personal staff development assistance to 125 firms
- . Provided direct technical assistance to 75 small businesses wishing to enter foreign markets
- . Provided marketing assistance to 75 existing firms and 30 firms in start-up phase
- . Exhibited Montana products on behalf of 118 Montana firms at trade shows throughout the Western U.S.
- . Created "Made in Montana" program -- enrolled over 500 manufacturers, distributed 1.4 million labels
- . Responded to over 200 business location inquiries
- . Arranged site location tours for 10 out-of-state firms
- . Enrolled more than 150 executives in Ambassador program
- . On-site assistance to Local Development Organizations in 23 communities
- . Provided loan packaging services to five firms, three more pending
- . Provided financial counseling services to 200 firms
- . Conducted 52 business skills workshops for more than 2,200 Montanans

Funding Source

General Fund

OBPP/LFA Funding

	<u>FY 86</u>	<u>FY 87</u>
OBPP	870,366	870,789
LFA	<u>846,479</u>	<u>845,126</u>
Difference	23,887	25,663
2% Reductions	(18,466)	(18,457)

Effect of LFA Current Level

- . LFA current level relies on FY 84 expenditures as a base in most line items. Because FY 84 was a start-up year for many of the Division's programs, LFA current level does not express an adequate funding level in the following lines:
  - Supplies and Materials - LFA current level is under OBPP by \$7,600 in FY 86 and \$7,900 in FY 87
  - Communications - LFA current level is under OBPP recommendations by \$10,000 in FY 86 and \$10,000 in FY 87. The effect would be felt in STS long distance use
  - Travel - LFA current level is under OBPP by \$7,500 in FY 86 and \$7,500 in FY 87

Modified Request

	<u>FY 86</u>	<u>FY 87</u>
FTE	1.0	1.0
Budget	54,442	53,601

- . Business Support Coordinator for Women

REPORT EBSR106  
 DATE : 01/23/85  
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING  
 EXECUTIVE BUDGET SYSTEM  
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE  
 PROGRAM : 51 BUSINESS ASSISTANCE PROGRAM  
 CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY							
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
0000	FULL TIME EQUIVALENT (FTE)	10.00	10.00			10.00	10.00		
1100	SALARIES	277,008	276,016	962		277,438	276,476	962	
1400	EMPLOYEE BENEFITS	40,414	40,279	135		40,614	40,484	130	
1500	HEALTH INSURANCE	12,000	12,000			12,000	12,000		
1600	VACANCY SAVINGS	-13,177	-13,057	-120		-13,202	-13,065	-137	
	TOTAL FIRST LEVEL	316,245	315,268	977		316,850	315,895	955	
2021	CONTRACTED SERVICES-INFLATION	15,579	108	15,471		15,579	176	15,403	
2022	SUPPLIES & MATERIALS-INFLATION	610	657	-47		623	1,072	-449	
2023	COMMUNICATIONS-INFLATION	3,469	1,261	2,208		5,493	2,038	3,455	
2024	TRAVEL - INFLATION	1,148	1,932	-784		1,148	3,143	-1,995	
2025	RENT-INFLATION	51	-279	330		51	31	20	
2027	REPAIR & MAINTENANCE-INFLATION	47	101	-54		47	164	-117	
2028	OTHER EXPENSES-INFLATION	299	647	-348		299	1,055	-756	
	TOTAL SECOND LEVEL	21,203	4,427	16,776		23,240	7,679	15,561	
2100	CONTRACTED SERVICES	393,822	420,136	-26,314		391,176	417,490	-26,314	
2200	SUPPLIES & MATERIALS	15,273	7,624	7,649		15,576	7,624	7,952	
2300	COMMUNICATIONS	28,912	18,908	10,004		28,912	18,908	10,004	
2400	TRAVEL	40,252	32,698	7,554		40,252	32,698	7,554	
2500	RENT	7,069	7,684	-615		7,128	7,684	-556	
2700	REPAIR & MAINTENANCE	1,174	1,174			1,174	1,174		
2800	OTHER EXPENSES	41,416	34,511	6,905		41,481	31,926	9,555	
	TOTAL FIRST LEVEL	519,121	527,162	21,959		548,939	525,183	23,756	
3100	EQUIPMENT	5,000	5,000			5,000	5,000		

REPORT EBSR106  
 DATE : 01/23/85  
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING  
 EXECUTIVE BUDGET SYSTEM  
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE  
 PROGRAM : 51 BUSINESS ASSISTANCE PROGRAM  
 CONTROL : 00000

AE/OE	DESCRIPTION	OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
	TOTAL FIRST LEVEL	5,000	5,000			5,000	5,000		
	TOTAL PROGRAM	870,366	847,430	22,936		870,789	846,078	24,711	
01100	GENERAL FUND	868,866	844,979	23,887		869,289	843,626	25,663	
03811	TOURISM-MT BUSINESSES	1,500	1,500			1,500	1,500		
	TOTAL PROGRAM	870,366	846,479	23,887		870,789	845,126	25,663	

REPORT EBSR106  
 DATE : 01/23/85  
 TIME : 08/05/39

OFFICE OF BUDGET & PROGRAM PLANNING  
 EXECUTIVE BUDGET SYSTEM  
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE  
 PROGRAM : 51 BUSINESS ASSISTANCE PROGRAM  
 CONTROL : 51003 BUSINESS SUPPORT COORDINATOR

AF/OE	DESCRIPTION	MODIFIED LEVEL SERVICES ONLY							
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
0000	FULL TIME EQUIVALENT (FTE)	1.00		1.00		1.00		1.00	
1100	SALARIES	24,713		24,713		24,713		24,713	
1400	EMPLOYEE BENEFITS	3,624		3,624		3,636		3,636	
1500	HEALTH INSURANCE	1,200		1,200		1,200		1,200	
1600	VACANCY SAVINGS	-1,181		-1,181		-1,182		-1,182	
	TOTAL FIRST LEVEL	28,356		28,356		28,367		28,367	
2022	SUPPLIES & MATERIALS-INFLATION	5		5		5		5	
2023	COMMUNICATIONS-INFLATION	235		235		357		357	
2024	TRAVEL-INFLATION	432		432		432		432	
2025	RENT-INFLATION	116		116		116		116	
2028	OTHER EXPENSES-INFLATION	38		38		38		38	
	TOTAL SECOND LEVEL	826		826		948		948	
2200	SUPPLIES & MATERIALS	125		125		125		125	
2300	COMMUNICATIONS	1,964		1,964		1,880		1,880	
2400	TRAVEL	15,400		15,400		15,400		15,400	
2500	RENT	2,890		2,890		2,890		2,890	
2800	OTHER EXPENSES	3,991		3,991		3,991		3,991	
	TOTAL FIRST LEVEL	25,196		25,196		25,234		25,234	
3100	EQUIPMENT	890		890					
	TOTAL FIRST LEVEL	890		890					
	TOTAL PROGRAM	54,442		54,442		53,601		53,601	
01100	GENERAL FUND	54,442		54,442		53,601		53,601	

REPORT EBSR106  
 DATE : 01/23/85  
 TIME : 08/05/39

OFFICE OF BUDGET & PROGRAM PLANNING  
 EXECUTIVE BUDGET SYSTEM  
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE  
 PROGRAM : 51 BUSINESS ASSISTANCE PROGRAM  
 CONTROL : 51003 BUSINESS SUPPORT COORDINATOR

AE/OE	DESCRIPTION	OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
	TOTAL PROGRAM	54,442		54,442		53,601		53,601	

**A GUIDE TO  
MONTANA'S ECONOMIC DEVELOPMENT  
AND BUSINESS ASSISTANCE  
PROGRAMS**



**MONTANA DEPARTMENT OF COMMERCE**

# BUSINESS ASSISTANCE HOTLINE

## 1-800-221-8015

Call toll free  
for help with:

- Business Licensing
- Business Development Programs
- Labor Training Programs
- Cutting Government Red Tape

**Business Assistance Division**  
Montana Department of Commerce  
Capitol Station  
Helena, Montana 59620



Montana Department of Commerce

# 1-800-221-8015

## BUSINESS ASSISTANCE HOTLINE

### HERE'S WHAT THE BUSINESS ASSISTANCE HOTLINE PROVIDES YOU:

- a comprehensive and responsible source of business information and activities as it relates to state government functions.
- a clearinghouse for complaints from Montana business people concerning state agency related activities.
- a single source for most state business licensing forms and employee related registrations.



*"The chief purpose of the hotline is to make Montana government more responsive to the needs of Montana business."*

Gary Buchanan, Director  
Montana Department of Commerce

### HERE'S HOW TO USE THE BUSINESS ASSISTANCE HOTLINE

Dial 1-800-221-8015 and ask for the Small Business Advocate.

Whether you have a business licensing question, a concern about government red tape, need information to expand your markets or to train new employees, with one confidential toll-free phone call, you will receive prompt attention and thorough courteous assistance.



### QUICK RESPONSE

The Small Business Advocate will either personally respond to your concern or channel your inquiry to the proper agency for action.

The Department of Commerce is committed to helping your business grow and will work to develop remedies for the causes of legitimate business complaints directed toward state government.

Call us today

# 1-800-221-8015

**Build  
Montana**

The logo for "Build Montana" features the words "Build" and "Montana" stacked vertically in a bold, sans-serif font. To the right of the text is a circular emblem containing a stylized mountain range with a sun or moon rising behind the peaks.

Division of Business Assistance  
1985 Biennium Accomplishments

Small Business Advocate/Business Licensing Center

- Responded to over 1,600 calls on the toll-free business assistance hotline.
- Answered over 2,400 business related inquiries.
- Revised and published the Montana Business Licensing Handbook.
- Initiated and published a monthly small business activity calendar.

Business Development Assistance

- Provided 13 technical assistance contracts on behalf of Montana manufacturers, which resulted in 117 new jobs and cumulative sales increases of 2.7 million dollars.
- 125 firms were provided business counseling services.
- Assisted several manufacturers in obtaining federal government procurement contracts.

Marketing Assistance

- Represented 118 Montana firms at five regional trade shows.
- Participated in three major in-state marketing seminars.
- Provided direct marketing assistance to 75 existing firms and 30 new firms.
- Initiated the "Made in Montana" label program now being used by over 500 Montana businesses.
- Developed a permanent display of products made in Montana.

Development Finance Assistance

- Provided financial counseling to over 200 in-state businesses.
- Prepared loan/grant applications for hotel/convention centers in Bozeman, Helena, Missoula and Kalispell.
- Packaged loan applications for five primary industry firms.

### Export Assistance

- Implemented a telex communication system for international trade transmissions by state agencies and for priority messages on behalf of Montana manufacturers.
- Conducted a successful trade mission to Edmonton and Calgary, Alberta involving Montana executives from the food processing, manufacturing and international commerce sectors.
- Co-published "Bridging the 49th Parallel", a manual for attracting Canadian business and increasing Montana exports to Canada.
- Provided international trade counseling to 75 new-to-export firms, one firm now exports 1/3 of its product to Japan.
- Received trade missions from Korea, Taiwan and Japan.

### Business Recruitment/Location

- Answered over 200 business location inquiries.
- Arranged site location tours for 10 out-of-state business owners/CEOs interested in Montana.
- Established a recruitment process for the Montana Ambassadors.
- Revised and published the Montana Business and Industrial Location Guide and the Montana Manufacturers and Products Director.
- Initiated advertising efforts with an eight page supplement in targeted trade publications.
- Initiated design and placement of airport display to recruit out-of-state businesses.

### Local Development Organization Assistance

- Provided direct technical assistance to 23 Montana communities.
- Provided technical assistance to 14 economic development organizations in Montana.
- Conducted three comprehensive economic development workshops for local development organizations representing 29 communities.



# MONTANA BUSINESS LICENSING HANDBOOK

YEAR:

FEE:

TYPE:

LICENSE NUMBER:

DATE ISSUED:

This license is issued by the State of Montana, Helena, Montana, in compliance with Sections 50-6-301 through 50-6-316, MCA, and expires December 31, 1986.

Application for this license has been made in due form by:

Licensee:

Establishment:

Address:



\_\_\_\_\_  
Director

THIS LICENSE MUST BE PLAINLY DISPLAYED IN YOUR PLACE OF BUSINESS  
THIS LICENSE IS NOT TRANSFERABLE TO ANOTHER PARTY OR SERVICE



# MONTANA MANUFACTURERS & PRODUCTS DIRECTORY

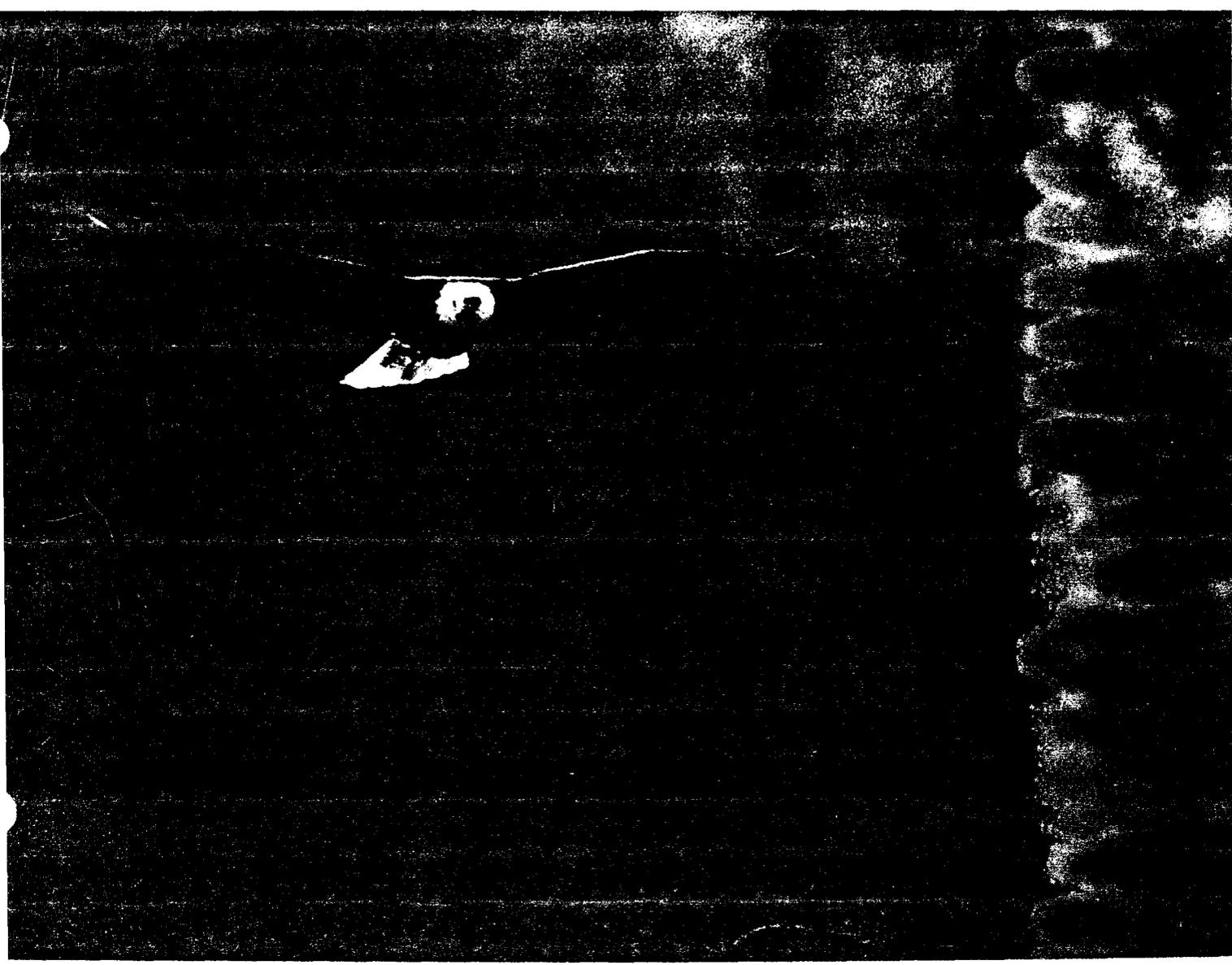


# MONTANA

BUSINESS & INDUSTRIAL LOCATION GUIDE

*A place to soar.*

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Division of Business Assistance  
1987 Biennium Objectives

Small Business Advocate/Business Licensing Center

- Expand the Montana Business Licensing Handbook to include local and federal licensing requirements.
- Develop a master license application process to facilitate one-stop licensing.

Business Development Assistance

- Provide 20 technical assistance contracts on behalf of primary industries.
- Secure federal government procurement contracts for approximately 20 Montana manufacturers.
- Counsel approximately 150 primary industry firms on production enhancement.
- Establish incubator operations where desirable.

Marketing Assistance

- Increase the "Made in Montana" label activity.
- Represent Montana manufacturers or processors at 12 major trade shows.
- Expand direct marketing assistance to include agricultural and mineral processing firms.

Development Finance Assistance

- Provide formal training for certified development corporations and local development corporations in the areas of financial analysis, financial consulting and loan packaging.
- Assist in the creation of certified development corporations, and Small Business Administration (503) corporations to provide fixed rate second mortgage financing on existing or expanding Montana businesses.
- Expand loan packaging services to basic industry firms.

Export Assistance

- Publish a monthly bulletin of international trade inquiries, and trade shows.

- Produce a Directory of Montana Exporters for distribution to U.S. and foreign embassies, and major trading companies.
- Conduct two trade missions and attend two international trade shows on behalf of Montana manufacturers.
- Counsel 100 new-to-export or new-to-market firms on the appropriate mechanics of their respective export transaction.

#### Business Recruitment/Location

- Initiate the recruitment of Canadian businesses needing a U.S. subsidiary location through: counseling, direct assistance in foreign corporation registration and completing visa applications, and implementing a toll free phone line in the western Canadian provinces for location inquiries.
- Inventory and maintain current listings of available industrial facilities in Montana.
- Video tape major developed industrial sites in the state.

#### Local Development Organization Assistance

- Implement a "certified cities" program.
- Update and standardize all community profiles.
- Assist local development corporations in elevating and promoting their business climate for attraction of new industry.

#71

## DEPARTMENT OF COMMERCE

Montana Economic Development Board  
 Board Chairman: Pat McKittrick  
 Administrator: Bob Pancich

Program Description

The Montana Economic Development Board is responsible for administering the Coal Tax Loan Program, the Industrial Development Bond Program, the Capital Companies Program, and the Municipal Bond Program. These programs assist Montana's small businesses and local governments in obtaining long-term, fixed-rate financing through private Montana lending institutions.

Program Activities (In its first 18 months of operation)

- . Committed over \$5.1 million in Coal Tax loans to Montana businesses
- . Committed over \$3.6 million in loans from Industrial Development Bonds
- . Directed loans to 17 Montana businesses that will create 312-357 jobs when facilities are complete
- . Will approve 30-40 additional Coal Tax loans each year
- . Anticipate sale of \$12-15 million per year of Pooled Industrial Development Bonds benefitting 20-30 businesses
- . Certified three capital companies (2 more in stages of approval)

Fund Source

Proprietary Fund, General Fund

OBPP/LFA Funding

	<u>FY 86</u>	<u>FY 87</u>
OBPP	315,487	320,155
LFA	316,262	320,644
Difference	<u>(775)</u>	<u>(489)</u>
2% Reductions	(2,435)	(2,560)

Modified Request

	<u>FY 86</u>	<u>FY 87</u>
F.T.E	1.0	1.0
Budget	28,250	22,000

- . Accountant position for bonding and loan activities

Exhibit "000"

# MONTANA ECONOMIC DEVELOPMENT BOARD

REPORT TO THE 49TH LEGISLATURE



MONTANA DEPARTMENT OF COMMERCE

#71

## DEPARTMENT OF COMMERCE

Health Facilities Authority  
 Administrator: Jack Nielson

Program Description

The Health Facilities Authority is responsible for issuing tax-exempt revenue bonds to provide debt financing to non-profit Montana health institutions. Two types of programs are operated by the Authority; one to provide long-term financing for individual facilities and the other to satisfy the short term capital needs of a pool of institutions.

Program Activities

- . Sold \$23.5 million bond pool for 20 facilities at 8% interest rate
- . Completed \$1.2 million stand-alone note issue for Glasgow Hospital
- . Preparing \$18 million stand-alone issue for Billings Deaconess Hospital

Fund Source

Proprietary Fund

OBPP/LFA Funding

	<u>FY 86</u>	<u>FY 87</u>
OBPP	96,188	96,109
LFA	96,188	96,109
Difference	<u>0</u>	<u>0</u>
2% Reductions	(1,924)	(1,922)

Modified Request

	<u>FY 86</u>	<u>FY 87</u>
F.T.E	1.0	1.0
Budget	\$29,887	\$30,579

- . Clerical position (grade 8) to assist with processing of paperwork related to bond sales plus expanded costs for current salaries, copying charges, attorney fees, and computer maintenance.

DEPARTMENT OF COMMERCE

Economic Policy and Research Office

Program Description

The Economic Policy and Research Office is the central coordinating unit for the Department's economic development programs. It is made up of the following units:

- . Governor's Council on Economic Development
- . Governor's Council on Science and Technology
- . Census and Economic Information Center
- . Economic Reporting and Forecasting System
- . Administrative Unit

Program Activities

- . Governor's Council on Economic Development produced a comprehensive assessment of economic prospects for Montana
- . Governor's Council on Science and Technology developed recommendations and legislation encouraging optimum means of technological development for Montana's economy
- . Census and Economic Information Center maintains the state's census library, provides economic and demographic data to business, government, and the general public, and produces statistical services such as County Profiles and the Statistical Abstract of Montana
- . Economic Reporting and Forecasting System produced sophisticated economic evaluations and forecasts used for general economic development planning (general findings documented in the Economic Conditions in Montana report)
- . The Administrative Unit coordinated the activities of the other units, assisted in staffing the Governor's councils, served as economic advisor to the Director, and directed economic development efforts toward a unified purpose.

Fund Source

General Fund

OBPP/LFA Funding

	<u>FY 86</u>	<u>FY 87</u>
OBPP	423,075	419,876
LFA	<u>396,105</u>	<u>387,203</u>
Difference	26,970	32,673
2% Reductions	(27,966)*	(25,575)*

\* Reductions are actually over 6% for this program.

Funding by Program

	<u>FY 86</u>	<u>FY 87</u>
Governor's Council on Economic Development	\$29,788	\$29,974
Governor's Council on Science & Technology	40,000	40,000
Census and Economic Information Center	192,470	189,888
Economic Reporting and Forecasting System	75,000	75,000
Administrative Unit	57,851	59,439
	<u>\$395,109</u>	<u>\$394,301</u>

Modified Request

	<u>FY 86</u>	<u>FY 87</u>
F.T.E	0	0
Budget	20,000	20,000

- Supplant General Fund contracted services in Governor's Council on Economic Development with Federal EDA funds

REPORT ERSR106  
 DATE : 01/23/85  
 TIME : 08/03/17

OFFICE OF BUDGET & PROGRAM PLANNING  
 EXECUTIVE BUDGET SYSTEM  
 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE  
 PROGRAM : 61 ECONOMIC POLICY & RESEARCH  
 CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY							
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
0000	FULL TIME EQUIVALENT (FTE)	7.00	7.00			7.00	7.00		
1100	SALARIES	166,152	166,152			166,350	166,350		
1300	OTHER COMPENSATION	8,800		8,800		8,800		8,800	
1400	EMPLOYEE BENEFITS	24,149	24,149			24,262	24,262		
1500	HEALTH INSURANCE	8,400	8,400			8,400	8,400		
1600	VACANCY SAVINGS	-8,300	-7,906	-394		-8,312	-7,910	-402	
1800			8,800	-8,800		8,800	8,800	-8,800	
	TOTAL FIRST LEVEL	199,201	199,595	-394		199,500	199,902	-402	
2021	CONTRACTED SERVICES-INFLATION	6,039		6,039		6,039		6,039	
2022	SUPPLIES & MATERIALS-INFLATION	215	465	-250		215	760	-545	
2023	COMMUNICATIONS-INFLATION	784	466	318		1,241	769	472	
2024	TRAVEL-INFLATION	323	698	-375		323	1,136	-813	
2025	RENT-INFLATION	42	-423	465		42	-45	87	
2027	REPAIR & MAINTENANCE-INFLATION	18	39	-21		18	64	-46	
2028	OTHER EXPENSES-INFLATION	90	201	-111		90	326	-236	
	TOTAL SECOND LEVEL	7,511	1,446	6,065		7,968	3,010	4,958	
2100	CONTRACTED SERVICES	154,254	132,336	21,918		152,245	129,041	23,204	
2200	SUPPLIES & MATERIALS	5,361	5,423	-62		5,361	5,423	-62	
2300	COMMUNICATIONS	6,533	6,533			6,533	6,533		
2400	TRAVEL	14,574	14,632	-58		14,574	14,632	-58	
2500	RENT	9,265	9,578	-313		9,348	9,578	-230	
2700	REPAIR & MAINTENANCE	456	456			456	456		
2800	OTHER EXPENSES	23,630	19,487	4,143		23,661	17,839	5,822	

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 AGENCY/PROGRAM/CONTROL --- BUDGET WORKSHEET

AGENCY : 6501 DEPARTMENT OF COMMERCE  
 PROGRAM : 61 ECONOMIC POLICY & RESEARCH  
 CONTROL : 00000

AE/OE	DESCRIPTION	CURRENT LEVEL SERVICES ONLY							
		OBPP FY 86	LFA FY 86	DIFF. FY 86	SUB-CMT. FY 86	OBPP FY 87	LFA FY 87	DIFF. FY 87	SUB-CMT. FY 87
	TOTAL FIRST LEVEL	221,584	189,891	31,693	---	220,146	186,512	33,634	---
3100	EQUIPMENT	2,290	6,619	-4,329	---	230	789	-559	---
	TOTAL FIRST LEVEL	2,290	6,619	-4,329	---	230	789	-559	---
	TOTAL PROGRAM	423,075	396,105	26,970	---	419,876	387,203	32,673	---
01100	GENERAL FUND	423,075	396,105	26,970	---	419,876	387,203	32,673	---
	TOTAL PROGRAM	423,075	396,105	26,970	---	419,876	387,203	32,673	---

GOVERNOR'S ADVISORY COUNCIL  
ON  
SCIENCE AND TECHNOLOGY

Technology Alliance Proposal

THE TECHNOLOGY  
ALLIANCE

The Governor's Advisory Council on Science and Technology, created by the 1983 Legislature as part of the Build Montana program and appointed by the Governor, has proposed the creation of the Technology Alliance program. This effort would be a partnership between the state and the private sector to stimulate economic development in Montana.

INVESTMENT PROGRAM  
CONSISTING OF THREE  
PARTS

The proposal calls for a "technology investment" program which would accelerate development of technology in Montana's basic industries in three ways:

RESEARCH AND  
DEVELOPMENT

(1) research development of new products, processes or technologies which will make our basic industries more productive and profitable and which may have commercial application in new business;

TECHNICAL ASSISTANCE

(2) technical assistance and transfer of new technology to existing Montana businesses in order to raise productivity and profitability, and enhance technical skills and productivity of Montana workers;

SEED CAPITAL

(3) seed capital, matched with private investment, to encourage commercialization of new processes and products -- both in Montana's traditional industries and in enterprises created by new technology.

33 OTHER STATES  
INVESTING IN  
TECHNOLOGY  
DEVELOPMENT

The Technology Alliance idea is not unique: at least 33 other states are involved in stimulating technology development to improve their economic condition. Some examples (with funding levels include:

- . Alabama (\$10 million)
- . Arizona (\$32 million)
- . Indiana (\$20 million)
- . Ohio (\$32 million)
- . Massachusetts (\$20 million)

MANY BENEFITS

Montana can benefit from such a program in a variety of ways: (1) by increasing the value and job-creating potential of our raw materials; (2) by increasing the efficiency and productivity of our growers, producers and

manufacturers; (3) by supporting the development of advanced technologies when they have non-traditional commercial applications in Montana.

FINANCING \$3 MILLION  
PER BIENNIUM

The proposed financing structure would earmark a portion of the revenues which currently go to Alternative Energy account funded with coal severance tax revenues (non-trust) to the new Science and Technology Research and Development account. This would generate \$3 million per biennium in state funds for technology investments while leaving about \$1.5 million over the next biennium in the Alternative Energy program. An additional \$2.25 million would be provided to the Technology Alliance on a project-by-project matching basis by the private sector. No state funds will be invested in a research project until the private match is in hand. The total investment in technology development during the 1987 biennium would thus be \$5.25 million -- an amount adequate to demonstrate the validity of the concept and produce initial results.

RETURN ON INVESTMENT:  
ROYALTY PAYBACK  
MECHANISM

The Technology Alliance investment program would eventually become self-supporting through a royalty payback mechanism. Any award made for technology development, product or process commercialization, or product marketing would include a requirement that the program retain a royalty interest commensurate with the state's original investment. Proceeds from commercialization would accrue to the benefit of the Science and Technology Research and Development account. Interest earned on the account balance would go to the General Fund.

ADMINISTRATIVE  
STRUCTURE

The Technology Alliance would be administered and staffed by the Department of Commerce. A Science and Technology Development Board would be appointed by the Governor to set policies and priorities and award technology research and development grants. This board would consist of 15 members, 11 of whom would be from the private sector.

BENEFITS TO STATE

Some examples of how the three investment strategies will benefit Montana's basic industries and enhance our lifestyle include:

- . Increase the value and job-creating potential of our raw materials through processing. For example:

- .. create new products from conventional agricultural crops through product processing technology
- .. develop genetic strains that increase the nutritional value of grains
- .. increase the thermal and chemical quality of coal and lignite through physical and biological processing
- . Increase the efficiency and productivity of Montana growers and manufacturers.
  - .. develop drought- and saline-resistant crops
  - .. develop genetic control of weeds
  - .. develop new uses for second-growth forests product engineering
- . Safeguard Montana's environment through technology.
  - .. improve toxic waste disposal through genetically engineered bacteria and plasma technology
  - .. improve water quality through advanced technology in containment, processing and utilization

#### WHAT ABOUT RISK?

Most investments that carry a strong potential for growth also carry some risk. The Technology Alliance program has been designed to minimize risk by building a rigorous evaluation process into the program. Every proposal for Alliance funding will be evaluated not only for the 15-member board, but also by a peer review panel. In addition, the board will create peer review panels for each area of technology (i.e., minerals, materials science, biotechnology, etc.). Each panel will be made up of recognized experts in their field, consisting of representatives from business, government, and science.

THE TECHNOLOGY ALLIANCE  
PROGRAM FUNDING  
1987 BIENNIUM  
(\$000's)

<u>PROGRAM</u>	<u>PURPOSE</u>	STATE SHARE	PRIVATE MATCH
Matching Research Investments	To match business and industry funds committed to research and development having high potential to support existing business and industry, and to strengthen or create research and development capabilities in areas of potential economic significance.	\$ 1,500	\$ 1,500
Technology Transfer and Assistance Investments	To establish and strengthen programs providing technology transfer and transfer and technical assistance to Montana business and industry.	\$ 350	-----
Seed Capital Finance Investments	To provide, through intermediary financial institutions, early stage financing. Program to be administered by the Economic Development Board.	\$ 750	\$ 750
Board and staff expenses	To provide administrative funds for the Board and staff operation to include policy development, technical assistance, communications, and information services.	\$ 400	-----
		<u>\$ 2,600</u>	<u>\$ 2,250</u>
		\$ 3,000	\$ 2,250
	TOTALS		<u><u>\$ 5,250</u></u>

KEY RECOMMENDATIONS OF THE GOVERNOR'S COUNCIL  
ON ECONOMIC DEVELOPMENT

## TAXATION -

Retention of the Unitary Tax -

The Council believes that at the present time, repeal or amendment of the unitary tax would shift the tax burden to Montana's small businessmen. More research and better public information is needed before any changes in the tax should be considered.

Establishment of Local Option Taxation -

The Council recommends that legislation allow local governments to tailor tax policies to their specific needs and resources by granting the authority for local option taxation. The Council stresses that changes in tax laws must be approved by voters through a referendum.

## TOURISM -

Establishment of Visitor Information Centers -

The Council recommends that the Departments of Commerce and Highways jointly research the Federal Interstate Highway Fund for funds which can be used to construct six visitors information centers at key points on Montana's borders.

## AGRICULTURE -

Continuation of the Agricultural Debt Survey -

The Council has chosen to continue on a semi-annual basis, for two years, its agricultural debt survey which initially indicated that under current market conditions, only 55% of Montana's farmers would be able to remain in business over five years.

Establishment of a Program to Combat Noxious Weeds -

The Council formulated several recommendations which it hopes will help in combating noxious weeds:

- a) The Legislature provide funding for a statewide weed coordinator.
- b) County, state and federal agencies coordinate their efforts to fight weeds.
- c) Counties be allowed to change their mill levies to raise additional funds to fight weeds.

## NATURAL RESOURCES -

### Establishment of Ten-Year Development Strategies for Montana's Natural Resource Based Industries -

The Council recommends that representatives from industries and state agencies involved with natural resource development, along with concerned individuals (environmental, agricultural, etc.) meet to establish ten-year plans for the state's major natural resource industries. It is hoped that by working from commonly agreed upon information, that workable plans will be developed which will encourage natural resource development.

## BUSINESS ASSISTANCE -

### Establishment of a Business Assistance Program for Women -

The Council recommends that the Business Assistance Division of the DOC make efforts to better serve women in business and women who are interested in starting a business. The Council further recommends that state economic development policies place appropriate emphasis on the service and retail sectors because women tend not to be involved in the basic sectors.

### Assistance to Local Development Corporations -

The Council recommends that the DOC provide additional technical assistance and training to LDC volunteers. Sources of state funding for LDC's should be investigated and a monthly economic development newsletter should be compiled by the DOC and distributed statewide.

## TRANSPORTATION -

### Establishment of Abandonment Impact Trust Fund -

The Council recommends that a \$15 million trust fund be established which would make low interest loans to local shipping associations that wish to acquire and operate a branch line.

### Changes in the Stagger's Act -

The Council recommends that the Stagger's Act be amended in the following areas so that Montana, which is basically served by one railroad, will not suffer from a lack of competition:

1. Definition of Market Dominance
2. Abandonments
3. Coal Rate Guidelines
4. Determination of Revenue Adequacy
5. ICC's Interpretation of the Act
6. Contract Rates
7. Rebates
8. Captive Shippers

VISITORS' REGISTER

NATURAL RESOURCES SUB COMMITTEE

BILL NO. \_\_\_\_\_

DATE February 1, 1985

SPONSOR \_\_\_\_\_

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Keith L. Colbo	Helena, MT	✓	
ByRON Roberts	Helena, MT	✓	
Steve Hunsberger	"	✓	
Tom Janich	"	✓	
Sam Hubbard	Commerce		
Jack Nielson	"	✓	
John Wilson	"	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.  
PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.